

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7648

BILL NUMBER: HB 1377

DATE PREPARED: May 3, 1999

BILL AMENDED: Apr 29, 1999

SUBJECT: Legislative and alcoholic beverage matters.

FISCAL ANALYST: Kristin Breen; Jim Sperlik

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FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: (CCR Amended) ***Legislative Matters:*** This bill provides that a legislator's statement of economic interests is not required to include a report of purchases made after December 31, 1998, by a lobbyist from the legislator's retail business made in the ordinary course of business at prices that are available to the general public.

It defines salary for legislators as including defined contributions. It allows a legislator to transfer PERF or TRF contributions to the legislator Defined Contribution Fund on any July 1 after becoming a participant in the Defined Contribution Fund. It provides for alternative investment programs for the legislator Defined Contribution Fund. It provides for administration of the alternative investment programs. It provides for a withdrawal option of monthly installment payments over a period of years for the legislator Defined Contribution Fund.

Alcoholic Beverage Matters: This bill makes the following changes concerning alcoholic beverages: (a) It makes certain changes concerning permits and sales of alcoholic beverages by wholesalers; (b) It eliminates the requirement of a \$500 surety bond for alcoholic beverage wholesalers, wine bottlers, and alcoholic beverage carriers; (c) It provides that payments required under the alcoholic beverage laws may be made by a check drawn on a business bank account; (d) It corrects a reference to the Indiana Administrative Code in order to cite the current rule on Sunday sales of alcoholic beverages by certain retailers; (e) It allows the Alcoholic Beverage Commission (ABC) to transfer the beer wholesaler permit of a person to an immediate relative who has another beer wholesaler permit if the person holding the permit dies or is legally adjudicated as mentally incapacitated; (f) It provides that the ABC may not issue a beer retailer's permit to a person who, within ten years before the date of application, has been convicted of certain federal or state crimes; (g) It provides that the holder of an alcoholic beverages club permit may keep a guest book listing members and their nonmember guests, except on designated guest days; (h) It provides that the city of Mishawaka may obtain a permit for the retail sale of alcoholic beverages at the city golf course; (I) It provides that it is unlawful to use for any other purpose an employee's permit obtained for volunteer use that benefits a

nonprofit organization; (j) It changes from \$20 to \$5 the fee for an alcoholic beverage employee's permit when the permit holder uses the permit only to perform volunteer service that benefits a nonprofit organization.

Effective Date: (Amended) January 1, 1999 (retroactive); Upon passage; July 1, 1999; July 1, 2000.

Explanation of State Expenditures: (Revised) ***Legislative Matters:*** These provisions may result in additional administrative expenditures, but they are expected to be minimal. The fund affected is the PERF Employer Earnings Fund. The remaining provisions of this bill regarding PERF will have no fiscal impact on the Funds.

Alcoholic Beverage Matters: (a) It provides that beer wholesaler and wine wholesaler permits are effective for two calendar years. Under current law they are effective for one year. This may decrease the Alcoholic Beverage Commission's (ABC) workload by a nominal amount. There are currently 54 beer wholesaler and 25 wine wholesaler permits in Indiana.

Explanation of State Revenues: (Revised) ***Alcoholic Beverage Matters:*** (e) It allows the ABC to transfer the beer wholesaler permit of a person to an immediate relative who has another beer wholesaler permit if the person holding the permit dies or is legally adjudicated as mentally incapacitated. This would only impact wholesaler permits that are owned by an individual; it would not impact a wholesaler permit owned by a corporation. This will not increase the number of beer wholesaler permits issued or the amount of beer excise tax collected.

(h) It provides that the city of Mishawaka may obtain a permit for the retail sale of alcoholic beverages at the city golf course. This would increase permit fee revenue by a minimal amount. The annual fee for a *beer retailer* permit in a second class city is \$200. The annual fee for a *liquor retailer* permit in a second class city is \$675. The annual fee for a *wine retailer* permit is \$25 if the retailer holds a beer and/or liquor retailer permit and \$50 if the retailer does not hold any other permit. If all three retail permits are applied for, the total annual fee revenue would equal \$900. One-third of permit fee revenue is distributed to the state General Fund.

This may increase the amount of alcoholic beverages sold, which would increase excise tax revenue. Excise tax revenue is deposited in the state General Fund, the Post War Construction Fund, the ABC's Enforcement and Administration Fund, the Pension Relief Fund, the Addiction Services Fund, and the Wine Grape Market Development Fund.

(j) It reduces the biennial fee for an employee's permit from \$20 to \$5 when the permit is used to perform volunteer service for a nonprofit organization. It is estimated that this would result in a revenue loss of not more than \$2,250 (150 people x \$15) every two years. Permit fee revenue is first deposited in the Excise Police Retirement Fund to pay benefits and administrative costs. Remaining revenue is then deposited in the ABC's Enforcement and Administration Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues: (Revised) ***Alcoholic Beverage Matters:*** (h) It provides that the city of Mishawaka may obtain a permit for the retail sale of alcoholic beverages at the city golf course. Two-thirds of permit fee revenue is deposited in the general fund of the city and county where the permittee is located.

State Agencies Affected: Alcoholic Beverage Commission; PERF Board

Local Agencies Affected: Mishawaka

Information Sources: Don Okey, Alcoholic Beverage Commission, 232-2463; Thomas Coleman, Indiana Beverage Alliance, 687-9615; Doug Todd of McCready & Keene, Inc., actuaries for PERF, (317) 576-1508.